

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

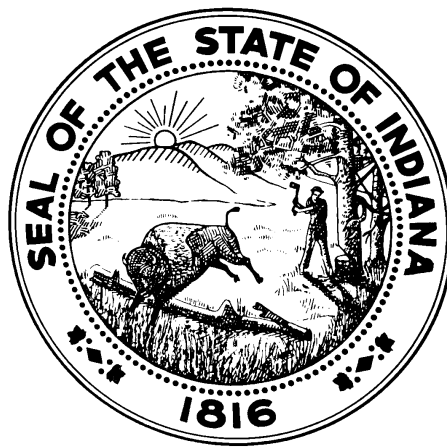
EXAMINATION REPORT

OF

TOWN OF AKRON

FULTON COUNTY, INDIANA

January 1, 2007 to December 31, 2008



**FILED**  
03/09/2009



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# OFFICIALS

## Office

## Official

## Term

Clerk-Treasurer

Jill Runkle

01-01-04 to 12-31-11

President of the  
Town Council

J. Phillip Allen  
Roger Gearhart

01-01-07 to 12-31-07  
01-01-08 to 12-31-09



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF AKRON, FULTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Akron (Town), for the period of January 1, 2007 to December 31, 2008. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 23, 2009

TOWN OF AKRON  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 100,946	\$ 218,775	\$ 283,188	\$ 36,533
Motor Vehicle Highway	99,825	82,425	68,085	114,165
Local Road and Street	11,111	4,365	-	15,476
Park and Recreation	446	1,820	1,354	912
Law Enforcement Continuing Education	3,274	549	584	3,239
Rainy Day	8,815	8,511	-	17,326
Riverboat Wagering	-	6,785	-	6,785
Community Host Fee	97,899	3,048	1,000	99,947
Trash	19,640	11,841	10,190	21,291
Hike-Bike Trail	17,286	4,228	2,913	18,601
Cumulative Capital Improvement	5,905	4,211	-	10,116
Cumulative Capital Development	42,577	8,377	-	50,954
Cumulative Building and Firefighting Equipment	9,002	7,357	792	15,567
Park Capital Fund	50	-	-	50
Proprietary Funds:				
Water Utility - Operating	(21,605)	270,202	241,125	7,472
Water Utility - Bond and Interest	49,404	79,085	78,548	49,941
Water Utility - Debt Service Reserve	70,363	10,683	4,040	77,006
Water Utility - Customer Deposit	16,635	4,085	4,285	16,435
Water Utility - Improvement	55,156	12,111	27,747	39,520
Wastewater Utility - Operating	31,980	255,372	312,634	(25,282)
Wastewater Utility - Bond and Interest	22,138	45,562	33,900	33,800
Wastewater Utility - Debt Service Reserve	39,104	1,828	1,828	39,104
Wastewater Utility - Improvement	22,571	723	2,172	21,122
Wastewater Utility - Construction	-	313,600	1,000	312,600
Fiduciary Fund:				
Payroll	2,261	289,785	288,668	3,378
Totals	<u>\$ 704,783</u>	<u>\$ 1,645,328</u>	<u>\$ 1,364,053</u>	<u>\$ 986,058</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 36,533	\$ 307,029	\$ 312,351	\$ 31,211
Motor Vehicle Highway	114,165	65,124	98,865	80,424
Local Road and Street	15,476	4,021	1,538	17,959
Park and Recreation	912	1,000	1,476	436
Law Enforcement Continuing Education	3,239	363	616	2,986
Police Department Equipment	-	40	-	40
Rainy Day	17,326	7,683	-	25,009
Riverboat Wagering	6,785	6,750	-	13,535
Community Host Fee	99,947	845	80,000	20,792
Trash	21,291	12,158	8,124	25,325
Hike-Bike Trail	18,601	503	2,588	16,516
Street Tree Fund	-	500	-	500
Cumulative Capital Improvement	10,116	1,728	-	11,844
Cumulative Capital Development	50,954	10,038	-	60,992
Cumulative Building and Firefighting Equipment	15,567	10,921	-	26,488
Park Capital Fund	50	-	-	50
Proprietary Funds:				
Water Utility - Operating	7,472	267,364	220,046	54,790
Water Utility - Bond and Interest	49,941	80,416	79,597	50,760
Water Utility - Debt Service Reserve	77,006	1,122	-	78,128
Water Utility - Customer Deposit	16,435	3,389	2,012	17,812
Water Utility - Improvement	39,520	7,682	-	47,202
Wastewater Utility - Operating	(25,282)	310,857	267,312	18,263
Wastewater Utility - Bond and Interest	33,800	57,678	47,258	44,220
Wastewater Utility - Debt Service Reserve	39,104	8,034	-	47,138
Wastewater Utility - Improvement	21,122	675	-	21,797
Wastewater Utility - Construction	312,600	361,667	619,123	55,144
Fiduciary Fund:				
Payroll	3,378	287,666	290,233	811
Totals	<u>\$ 986,058</u>	<u>\$ 1,815,253</u>	<u>\$ 2,031,139</u>	<u>\$ 770,172</u>

The accompanying notes are an integral part of the financial information.

TOWN OF AKRON  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

TOWN OF AKRON  
NOTES TO FINANCIAL INFORMATION  
(Continued)

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.



TOWN OF AKRON  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
07-01-05	\$ 111,393	\$ 200,064	\$ (88,671)	56%	\$ 195,171	(45%)
07-01-06	150,429	183,659	(33,230)	82%	256,269	(13%)
07-01-07	181,863	198,788	(16,925)	91%	254,558	(7%)

TOWN OF AKRON  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2008

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 51,091
Buildings	982,829
Improvements other than buildings	182,718
Machinery and equipment	<u>497,554</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,714,192</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 6,208
Buildings	644,417
Improvements other than buildings	1,650,260
Machinery and equipment	<u>381,918</u>
Total Water Utility capital assets	<u>2,682,803</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	21,512
Buildings	83,727
Improvements other than buildings	2,118,222
Machinery and equipment	<u>264,308</u>
Total Wastewater Utility capital assets	<u>2,487,769</u>
Total business-type activities capital assets	<u>\$ 5,170,572</u>

TOWN OF AKRON  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
1998 Waterworks	\$ 1,192,000	\$ 78,598
Total Water Utility	<u>1,192,000</u>	<u>78,598</u>
Wastewater Utility		
Notes and loans payable		
Temporary Loan from Waterworks	8,000	8,000
Revenue bonds:		
2001 Wastewater Improvements	330,000	37,275
2007 Wastewater Expansion	<u>320,000</u>	<u>20,245</u>
Total Wastewater Utility	<u>658,000</u>	<u>65,520</u>
Total business-type activities debt:	<u>\$ 1,850,000</u>	<u>\$ 144,118</u>

TOWN OF AKRON  
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Wastewater Utility Operating Fund was overdrawn \$25,282 in 2007.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LOAN BETWEEN TOWN FUNDS

A temporary loan of \$50,000 was made in 2008 from the Motor Vehicle Highway Fund to the General Fund and will not be repaid for five years.

IC 36-1-8-4 concerning temporary loans states in part: "(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (4) The amount transferred must be returned to the other fund at the end of the prescribed period.

TOWN OF AKRON  
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2009, with Jill Runkle, Clerk-Treasurer; and Roger Gearheart, President of the Town Council. The officials concurred with our findings.